

## **Socio economic background and monthly per capita income and expenditure of rural households of Fatehabad district**

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### **Abstract**

Human life is ultimately nourished and sustained by consumption. Income and consumption pattern of households depends on many socio-economic factors like level of education, occupation and demographic characteristics. Per capita income and expenditure both are the indicators of human development. India has a great population of 1,311.1 million and households final consumption expenditure is (Annual Percent growth) is 7.4 in 2015 (source: Households consumption survey NSS 68 round and household consumer survey NSS 59<sup>th</sup> round). Survey depicts that in 2011-12 rural Kerala had the highest per capita consumption per month in amount in rural area, Punjab was the next highest and Haryana had 3<sup>rd</sup> highest rank in India.

**Keywords:** household expenditure, income, socio-economic, rural

### **Introduction**

Household's consumption expenditure pattern and income are very important as they are related to poverty and standard of living of our society. The analysis of changing consumption pattern over time would help in designing appropriate policies related to food production and distribution. It is an excellent indicator of economic well-being of people. If the society is wealthy proportionately high expenditure well is made on comfort and luxury products. On the either hand if the society is at substance level, people will spent proportionately more on food. The study of pattern of consumption expenditure provides an important indicator of economic development. Income and consumption pattern of households depend on many factors like assets, level of education, occupation and demographic characteristic.

Per capita income and food consumption both are the indicator of human development but food consumption is a better indicator of human welfare. Report depicts that in 2011-12 rural Kerala had the highest per capita consumption per month in amount in rural area, Punjab was the next highest and Haryana had 3<sup>rd</sup> highest rank in India. In urban area India survey 2011-12 showed that urban Haryana topped the charts. No doubt aided by the growth of Gurgaon and other areas near Delhi. Among the selected states, urban Haryana improved its rank from no 4 in 2003 to no 1 in 2011-12. Urban Kerala the top consumption rank holder in 2003 was paused to second palace. Real increase in per capita monthly consumption expenditure in rural and urban areas from (2009-10) to (2011-12) had been 18 Per cent and 13 Per cent respectively, whereas at current prices the quantum of increase was 38 Per cent in rural areas and 34 Per cent in urban areas. Goa leads the country with highest per capita income of Rs. 1, 92,652/- while Bihar has the lowest with a per capita income of only Rs. 24,681/-. Source: For sl. Number1-33 Directorate of economics & statistics of respective state.

India is a developing country where low infrastructural

development coupled with high population growth has made the lives of many poor people very difficult. Still there are wide ranges of variation on educational expenditure in different income groups of the households. The benefits of knowledge and education go to higher income groups of rural households. Similarly in case of medical expenses and other necessary expenses are far away from these deprived masses which show a direct relationship with level of income.

Human life is ultimately nourished and sustained by consumption. During the last few decades, the world consumption has expanded at an unprecedented pace. The benefit of consumption has spread far and wide and today, more people are better fed and housed than ever before. Consumption clearly contributes to human development when it enlarges the capabilities and enriches the life of people without adversely affecting the well-being of others. But the links are often broken and when they are, consumption patterns and trends turns inimical to human development exacerbating inequalities. In India also the existence of large disparities in consumption standards between regions and between classes of people is found. Wide economic disparities have been observed between the rich and poor especially due to the low rate of economic change among the poor section of the population who generally fail to make use of the development programs. The inequalities that persist between people, rich and poor, men and women, rural and urban and among different ethnic groups are seldom isolate, instead they are inter-related and over-lapping. Consumption, in economic theory, means the final use of goods and services to satisfy human wants, needs and desires. It is a process of deriving utility from goods and services. Consumption is defined as the total value of expenditures on goods and services for the current use by the household sector (Henderson and Poole, 1991). Slower growth in income than prices would undermine the purchasing power resulting in inadequate access to food and calorie consumption. Food grains, which account for

about 1/4th of the calorie intake of the poor, are sensitive to market prices. The dietary changes that characterize the “nutrition transaction” include both qualitative and quantitative changes in the diet. Income, prices, individual preferences and beliefs; cultural traditions as well as geographical, environmental, social, and economic factors all intersect in a complex manner to shape the dietary consumption pattern (WHO, 2003).

### Justification of the study

The significance of the study is to ascertain the level and pattern of household consumer expenditure and also provide necessary data to the researchers for conducting further study on poverty line, nutritional status, sufficiency of food, unemployment etc. The result obtained from this study could be utilized in many ways. It will help the rural development planners in Haryana. It had significant contribution for promoting sustenance development. Consumption pattern relates relationship between income and consumption and consumption function will help policy maker not only micro level but macro level also. As per census 2011 of India, total population of Haryana is 2, 53, 51,462 and where 63.21 per cent population is rural. The state has its own agro-climatic conditions and hence, the sample selected also reveals these socio-economic features.

### Specific objective of the study

- 1 To study the socio economic characteristics of sample households.
- 2 To study the monthly per capita income and consumption expenditure of sample households.

### Limitation of the study

The present study has some operative limitations. First of all, the study was conducting in shortage of time that represents the sample household of Fatehabad District in Haryana. The second limitation of the study is that it is related to only rural area. The third limitation of the study is that it is mainly based on primary data. There are many problems for collecting primary data in which illiteracy of respondents is main problem. Lack of awareness in the population about the consumption pattern has been provide big constraints in obtaining the accurate information about the study. The major limitations of the study is that the quality of the estimates depends on the reliability of the data collected on each item of expenditure may have errors due to memory lapses of the respondents. Besides errors arising out of lack of co-operation of the respondents, deliberate understatement, overstatement or evasion of information etc. may affect the result.

### Review of literature

Review of literature plays the role of foundation for further research. Though the circumstances under which the research is conducted may be different, review of literature not only helps in identifying the research problem precisely but selection of methods and procedures for research also. Musaiger (1993) <sup>[2]</sup> studied on social cultural and economic factors associated with food consumption patterns in the Arab region. He described that several factors have been found to determine the dilly habits of the people in the Arab world.

Food consumption has dramatically changed in some Arab countries as a result of sudden increase in income from oil revenue. Socio- cultural factor such as religion, beliefs, foods preferences, gender discrimination, education and women’s employment all have a notable influence on food consumption patterns in this region.

Joseph *et al.* (2003) <sup>[4]</sup> made an attempt to analyze the socio – economic background and consumption pattern of scheduled caste households in Indukki district. The objectives of the study are to examine consumption pattern among the scheduled cast population, consumption expenditure elasticity of items, variations in expenditure of sc households on food, non-food and total expenditure and to examine the association between consumption expenditure and variables such as income education, occupation and area of residence. The study reveals that the Monthly per capita expenditure of scheduled castes population in rural Kerala is lower than that of the general population.

Reddy (2004) <sup>[5]</sup> in his study described that developing countries like India, the potential for demand reduction is often even larger. The poor often do not have access to the efficient fuel / technology and depend on their own labor, on animal power or fuel wood and other type of biogas, which have a high price in terms of human time and labor. They also have health and gender impacts, which are usually more severe on woman.

Chudali (2011) stated that there is a wide range of variation on educational expenditure in different income group of households. The benefit of knowledge and education goes to higher income of household. The expenditure shows a direct relationship with level of income.

Legess (2011) Described that the educational level of the household head has significant impact on the decision of consumption of modern source of energy. When households educational level increased by one, the probability of consumption of modern source of energy will be increased by 58.2 Per cent. However, sex of female headed of household has a negative influence on consumption of modern source of energy decision.

Mustaquim (2014) conducted a study by collecting primary survey by which a sample of 80 household have been taken randomly for the analysis of socio-economic status of different income groups of population from the Vdaypur village of Malda District, West Bengal. The study analyze that over all socio-economic status of the population is not good 44.8 per cent of the total population’s monthly income is below Rs 500.

### Methodology

This chapter deals with a detail explanation about are of study, type and nature of source of data, selection of respondents, sampling design and statistical techniques used to drive results of the study. This chapter consists of the following subsections:

- Area of the study
- Source of data
- Sampling framework
- Analytical tools and techniques
- Concepts and definition

**Area of the study**

The present study has been conducted in the Fatehabad district. Fatehabad is one of the twenty two district of Haryana state. It is located at 29.31 N and 75.21 E. It has three tehsil-Fatehabad, Ratia, Tohana. Three sub tehsil-Bhuna, Jakhal, Bhattu Kalan. Six blocks-Fatehabad, Ratia, Tohana, Bhuna, Bhattu kalan, Jakhal. Fatehabad district has a population of 9, 41, 522 as per census 2011. District has a population density of 371 inhabitants per square kilometer. Its population growth rate over the decade 2001-2011 was 16.79 per cent. It has sex ratio of 903 females for every 1000 males and literacy rate of 69.10 per cent.

**Source of the data:** There are two main sources through which data can be collected

- Primary data
- Secondary data

In the present study, primary and secondary data have been collected for analyzing “the consumption pattern of rural household”. For collecting primary data a structured questioner was used. For secondary data various sources as census, regional documents and NSSO report were used.

**Sampling Framework**

In Haryana out of twenty two districts, Fatehabad district has been selected by random sampling for the study. In sampling procedure.

Multistage purposive sampling technique has been used to select the primary sampling unit’s viz. sample households in order to achieve the specific objectives.

There are six blocks in Fatehabad district: - Fatehabad, Ratia, Tohana, Bhuna, Bhattu kalan, Jakhal. Block-1 named Fatehabad and block-2 named Bhattu kalan have been selected purposely. In block-1, village Bangaon and in block-2 village Khabra Kalan have been selected purposely.

**Analytical tools and techniques**

In the present study, data collected from primary and secondary source to analyzing the consumption pattern of rural households of Fatehabad district. Simple statistical technique have been used for the data analysis viz. averages, percentages etc. and the Engel ratio have been used.

**Concepts and definitions**

The concepts and definitions of some important terms used in the survey and which are relevant to this report viz., those used to generate the tables and estimates on household consumer expenditure are explained.

**Household and related concepts**

**House:** Every structure, tent, shelter, etc., is a house irrespective of use. It may be used for residential or non-residential purpose or both or even may be vacant.

**Household:** A group of person’s normally living together and taking food from common kitchen constitute a household. The word 'normally' means that temporary visitors are excluded but temporary stay-always are included. Thus a son or daughter residing in hostel for studies is excluded from household of his/her parents, but a resident employee or

resident servant or paying guest (but just not a tenant in the house) is included in the employers/host's household. 'Living together' is usually given more importance than 'sharing food from a common kitchen' in drawing the boundaries of a household.

**Household Size:** The size of a household is the total number of persons in the household.

**Household consumer expenditure:** The expenditure incurred by a household on domestic consumption during the reference period is the household's consumer expenditure.

**Monthly per capita consumer expenditure (MPCE):** For a household, this is the total consumer expenditure over all items divided by its size and expressed on a per month (30 days) basis. A person's MPCE is understood as that of the household to which he or she belongs.

**Adult:** A person who has completed 15 years of age  
**Per capita consumption expenditure:** is the ratio of the total expenditure to the size of family.

**Per capita expenditure** = total consumption expenditure / size s of family

**Per capita income:** is the ratio of total income to size of the family

**Per capita income** = total income / size of family

**Result and Discussion**

This section deals with the main findings of the study. The socio-economic features of the rural household of Fatehabad of district of Haryana. Monthly per capita income and expenditure of the households.

**The socio-economic features of the rural household of Fatehabad of District of Haryana.**

This section described about the socio-economic features of rural households. Socio economic factors have important role in consumption pattern. It also described the social standard of the rural households.

**Table 1:** Socio- Economic Features of the Sample Villages.

Features	Bangaon	Khabra kalan
District	Fatehabad	Fatehabad
Block	Fatehabad	Bhattu kalan
Population	5519	4209
Literacy in Per centage	75	70
Main occupation	Agriculture	Agriculture
Main crop	Wheat	Paddy

**Source:** Gram panchayat (Census 2011)

The samples selected included 90 households. The villages selected were Bangaon belonging to the Fatehabad block of Fatehabad district, Khabra Kalan belonging to Bhattu kalan block of Fatehabad district. Each of these villages has its own agro climatic and socio- economic features. The specification of these villages was given in table 1. Bangaon has 75 per cent

literacy and Khabra Kalan has 70 per cent literacy. Main occupation of both villages was agriculture. Main crop of Bangaon was wheat and Khabra Kalan was paddy.

**Demographic characteristics**

The demographics characteristic have an important bearing on

the level of income and consumption expenditure of the society. Features like educational standard of the head of the households and other members, the age of the household, the size of the family are some of the factors which have a direct effect on the consumption of the community especially in the rural areas.

**Table 2:** Distribution of Family by Family Structure.

Family structure	Bangaon		Khabra Kalan		Overall	
	No. of families	Percentage	No. of families	Percentage	No. of families	Percentage
Nuclear	25	55.56	27	60	52	57.78
Joint	20	44.44	18	40	38	42.22
Total	45	100	45	100	90	100

Sources: Field Survey

The table 2 shows that number of families which were nuclear, was 25 in Bangaon and 27 in Khabra Kalan and 52 were overall. Number of families which were joint, 20 in

Bangaon and 18 in Khabra Kalan and 38 were in overall. The percentage of nuclear and joint families was 57.78 per cent and 42.22 per cent respectively.

**Table 3:** Distribution of families according to size.

Family Size	Bangaon			Khabra Kalan			Overall		
	No. of household	No. of family members	Average size of family	No. of household	No. of family members	Average size of family	No. of household	No. of family members	Average size of family
Up to 3	22	141	6.40	18	120	6.67	40	261	6.25
4 – 6	17	101	6.94	19	115	6.05	36	216	6
7 – 9	6	41	6.83	8	52	6.5	14	93	6.64
Total	45			45			90		

Sources: Field Survey

Table 3 shows that size of the households is important factor in determining the division of income between consumption and saving. The table shows that Number of households which have up to 3 members were 22 in Bangaon and 18 in Khabra Kalan and 48 were overall. Households which have 4-6 members were 17 in Bangaon, 19 in Khabra Kalan and 36

were overall. Families which have 7-9 members were 6 in Bangaon and 8 in Khabra Kalan and 14 were overall. Average size of familys up to 3 members, 4-6 members and 7-9 members is 6.25, 6 and 6.64 respectively. Average size of family in different family size was 6 or more than 6.

**Table 4:** Average income and average consumption expenditure of households according to size of the households.

Size of households	Average income	Average consumption Expenditure	APC
Up to 3	53518.73	37421.6	0.69
4-6	71989.97	57263.58	.79
7-9	13414	5572.02	0.41

Source: Survey Data and Author’s Calculations

Table 4 shows that when we classified according to the size of the households the consumption expenditure steadily raised as the size of the family increased. When the size of family was

up to 3, APC was 0.69. When size of households raises 4-6, APC was 0.79 but when size of family increases more APC declined. When size of the family was 7-9 APC was 0.41.

**Table 5:** Distribution of families according to income level.

Income groups	Bangaon		Khabra Kalan		Overall	
	Number of families	Percentage	Number of families	Percentage	Number of families	Percentage
Up to 20000	22	48.89	20	44.44	42	46.66
20000 – 50000	17	37.78	18	40	35	38.89
50000 onwards	6	13.38	7	15.56	13	14.45
Total	45	100	45	100	90	100

Source: Survey Data and Author’s Calculations

The table 5 shows that the Number of households that have up to Rs. 20000 income per month were 42 overall and have 46.66 per cent of the total households. Number of households that have Rs. 20,000-40,000 per month are 35 in overall and have

38.89 Per cent of the total. The Numbers of households that have Rs. 40,000 and above income per month were 13 in overall and have 14.45 per cent of the total households. The percentage of families has decreased as we tend to high income group.

**Table 6:** Distribution of sample households according to the occupation of head of the family.

Occupation	Bangaon		Khabra Kalan		Overall	
	Number of families	Percentage	Number of families	Percentage	Number of families	Percentage
Servicemen	8	17.78	10	22.22	18	20
Businessmen	15	33.33	16	35.56	31	34.45
Agri-based	22	48.89	19	42.22	41	45.55
Income total	45	100	45	100	90	100

Sources: Field Survey

The table 6 shows that the number of households in which head of the family was serviceman, were 18 and have 20 Per cent of the total households. Number of households in which head of the family was businessman, were 31 and have 34.45 Per cent of the total households. Numbers of households in

which head of the family was Agri. based, were 41 in overall and has 45.55 Per cent of the total households. It shows that percentage of serviceman was lowest. Highest percentage was belonged to agriculture.

**Table 7:** Distribution of families according to the education standard of the head of the family.

Education standard	Bangaon		Khabra Kalan		Overall	
	Number of families	Percentage	Number of families	Percentage	Number of families	Percentage
Matriculation	25	55.56	26	57.78	51	56.67
Undergraduate	14	31.11	14	31.11	28	34.44
Graduate postgraduate	3	6.67	2	4.44	5	5.56
Other (Eng.,B.ed.,Phd.)	3	6.66	3	6.67	6	13.33
Total	45	100	45	100	90	100

Source: Primary Survey

The table 7 shows that number of families in which head of the families were matriculation, were 51. There were 28 households in which head of the family were under graduate. There were 5 families in which head of the family were graduate / postgraduate. There were 6 families in which head

of the family were B.Ed., M. Phil., PhD. The table shows that the educational standard matriculation has maximum percentage. Graduate / postgraduate has the minimum percentage. The table shows that educational standard of the head of the family was not so good.

**Table 8:** Monthly per capita income and expenditure of different income group as well as of the whole (Amount in Rs.)

Income group	Bangaon		Khabra Kalan		Overall		APC
	Average per capita income	Average per capita expenditure	Average per capita income	Average per capita expenditure	Average per capita income	Average per capita expenditure	
Up to – 20,000	3964.35	2771.97	3868.28	3172.02	3916.32	2972	0.75
20,000 – 40,000	5099.29	4056.17	4746.64	3215.55	4922.97	3635.86	0.73
40,000 and above	13414	5572.02	13615.20	5670.10	13514.92	5621.06	0.41

Source: Primary Survey

## Conclusion

In this context the present study made an attempt to analyses the socio-economic background and the consumption pattern of rural households in Fatehabad district of Haryana. Large percentage of the rural mass belongs to low income growth. This is due to their very low economic status and the consequent employment prospect in low playing occupations. Effective implementations of the schemes for their economic improvement is needed for improving their consumption standard. Educational concessions to rural people should be continued wherever necessary. For their economic improvement a change in occupational pattern is necessary. The study reveals that monthly per capita income and expenditure of the rural households are different according to different income groups. Average per capita income, of income group up to 20,000 Rs. Was 3916.32 Rs. which is less than 5,605 Rs. Per capita income (according to annual survey of 2014-15) of the Haryana state. The APC of this income group was 0.75 and per capita income of income group 40,000 & above is 13,594.92 Rs. The APC of this income group is

0.41. The result shows that as per capita income has increased the APC has decreased. The result represents income inequality in the rural area of Fatehabad district.

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